

Will Republicans Heed Calls To Action On Comprehensive Agreement?

Democrats Committed To Balanced Agreement to Pay America's Bills, Reduce the Deficit, Protect the Middle Class and Seniors

As Republicans continue to walk away from an opportunity to seriously address the deficit and give businesses certainty, Democrats are calling on the GOP to take responsibility for the debt they helped create and work with us on a big, comprehensive agreement to ensure America pays its bills and restore America's fiscal health. Democrats believe we must reduce the deficit with a balanced, comprehensive package that includes both revenues and spending cuts.

The American people agree. In a recent Gallup poll, [74 percent of Republicans](#) agree that a responsible deficit reduction plan should include both tax increases and spending cuts, while 77 percent of independents believe the plan should include a mix of revenues and spending cuts.

Major credit rating agencies are also calling for an agreement, warning of a credit rating downgrade if we fail to pay our bills and fail to take serious action on the deficit:

Wednesday, Moody's put the U.S. under review for a credit rating downgrade: *"It certainly underscores the importance of passing the debt ceiling and not putting us in default status, and making sure **there's a longer term fiscal plan to contain spending and the deficit we've been running up over the last few years,**" said Anthony Cronin, a Treasury bond trader at Societe General SA in New York, one of the 20 primary dealers that trade with the Federal Reserve."* [Bloomberg, [07/13/11](#)]

Thursday, S & P 500 announced there was a 50 percent chance U.S. credit ratings would be downgraded: *"S&P said it was losing confidence that U.S. officials would raise the debt ceiling and also **produce a plan to rein in the federal debt over the coming years.** The agency said a failure to raise the debt ceiling would force the government to withhold payments to bond investors or sharply cut government spending, which could cripple the economy."* [Washington Post, [07/14/11](#)]

And is calling for comprehensive deficit reduction package: *"**In order to maintain its AAA status, S&P has said it will need a resolution to the debt ceiling and it will look for a medium term fiscal consolidation package of US\$4 trillion,**" said Scotia Capital chief currency strategist Camilla Sutton."* [iPolitics, [07/15/11](#)]

Yesterday, Treasury Secretary Tim Geithner urged Congress to act quickly to pay our bills and use this as an opportunity to address our long term fiscal challenges:

*"The eyes of the country are on us. The eyes of the world are on us, and we need to make sure we stand together and send a definitive signal that we're going to take the steps necessary to avoid default **and also take advantage of this opportunity to make some progress in dealing with our long-term fiscal problems,**" he added. "We don't have much time; it's time we move."* [Politico, [07/14/11](#)]

And Federal Reserve Chairman Ben Bernanke's made similar comments, arguing that a comprehensive deal is the best outcome:

*"The debate, Bernanke said, '**seems like an opportunity we haven't had for a while to address longer-term fiscal issues,**' and he added that a debt ceiling increase without spending cuts could still risk a credit downgrade."* [Washington Post, [07/14/11](#)]

Leading business groups - including the U.S. Chamber of Commerce, the National Association for Manufacturers, Business Roundtable and Financial Services Forum – have also warned of the risks we take by not paying our bills and urging agreement on a comprehensive package to reduce the deficit and pay our bills:

*“Our political leaders must agree to a **plan to substantially reduce our long-term budget deficits** with a goal of at least stabilizing our nation’s debt as a percentage of GDP — which will entail difficult choices. The resulting plan must be long-term, predictable and binding.”* [Letter to Congress and the White House, 07/12/11]

Not only do business leaders, economists, market experts and the American public support a balanced approach to deficit reduction, but Congressional Republicans have signaled openness to revenues in the past:

Speaker Boehner:

George Stephanopoulos (Off-camera): “Let’s say the President does come to the table, takes on your challenge on Medicare, maybe on Social Security. Can you imagine a situation where your conference would vote for revenue increases?”

Speaker Boehner: “I think my team is ready to deal with these big questions.”

George Stephanopoulos (Off-camera): “Including revenues?”

*Speaker Boehner: “It’s, it’s time to sit down. I’ll put everything on the table. I’m not interested in raising taxes on the American people. **But if, if it, if it takes leaving it on the table to have the conversation, I’ll have the conversation.**”* [Good Morning America, 4/7/11]

Senator Coburn: *“We’re going to fix the country. **And some of that’s going to be revenue increases. That’s the only way you’re going to build a compromise and get it signed by this president. I understand that.**”* [MSNBC, 6/14/11]

Senator Sessions: *“‘Taxes? They’ll be a bitter pill for me. **But we have got to get this country on the right path. ... I’d have to challenge [calls to put taxes on the table], but I would look at it,**’ Jeff Sessions, the top Republican on the Senate budget committee, told Bloomberg’s Al Hunt earlier this month.”* [CNNMoney.com, 3/8/11]

Senator Chambliss: *“‘Nobody wants to raise taxes,’ Chambliss said. “‘I don’t want to raise taxes, and I’ve never voted for a tax increase. **But it has to be in the mix for the dialogue. The discussion needs to be there.**”’* [Politico, 3/8/11]

Senator Graham: *“Senator Graham said Republicans should be willing to accept a deal that curbs entitlement spending and increases tax revenues by closing loopholes. ‘To me, that makes sense,’ he said. **‘That way you don’t raise tax rates, but you do generate new revenue by closing loopholes. You’re giving money away to a few people at the expense of many, and I think it’s time to reevaluate that.’**”* [ABC News, 7/13/11]

Senator Kyl: *“Well, we have not refused any new revenue. For example, we’ve been discussing some fee increases and some other things that would actually generate revenue. But what we object to is changing the tax code. We don’t need new taxes right now. We need to reduce spending.”* [Fox News Sunday, 6/26/11]

Rather than risking our economic security in order to protect tax breaks for the wealthy, while ending Medicare for seniors, it’s time for Republicans to work with Democrats to take action quickly on a balanced agreement.